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LAW AND PARLIAMENTARY AFFAIRS SECRETARIAT

Notification No. LAW 11 LGN 73

Bangalore, Dat d 22nd September, 1975

Ordered that the Karnataka Co-operative Societies (Amendment) Act, 1975 which received the assent of the President on the twentieth day of September, 1975 be published as Karnataka Act No. 39 of 1975 in the *Karnataka Gazette* for general information.

KARNATAKA ACT No. 39 OF 1975

(First published in the Karnataka Gazette Extraordinary on the Twenty third day of September, 1975)

THE KARNATAKA CO-OPERATIVE SOCIETIES (AMENDMENT) ACT, 1975

(Received the assent of the President on the Twentieth day of September, 1975)

An Act further to amend the Karnataka Co-operative Societies Act, 1959.

Whereas it is expedient further to amend the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959), for the purposes hereinafter appearing ;

Be it enacted by the Karnataka State Legislature in the Twenty-sixth Year of the Republic of India as follows: —

1. Short title and commencement.—(1) This Act may be called the Karnataka Co-operative Societies (Amendment) Act, 1975.

(2) It shall come into force on such date as the State Government may, by notification in the official Gazette, appoint.

2. Amendment of section 2.—In section 2 of the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959), (hereinafter referred to as the principal Act),—

(1) after clause (b), the following clause shall be inserted, namely,—

“(b-1) ‘Co-operative Bank’ shall have the same meaning as is assigned to it in the Deposit Insurance Corporation Act, 1961 (Central Act 47 of 1961);”

(2) after clause (e), the following clauses shall be inserted, namely,—

“(e-1) ‘Deposit Insurance Corporation’ means the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961 (Central Act 47 of 1961);

(e-2) 'Financing Bank' means a co-operative society, the main object of which is to make advances in cash or in kind to other co-operative societies;";

(3) after clause (i), the following clause shall be inserted namely,—

"(i-1) 'Reserve Bank' means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (Central Act 2 of 1934);".

3. Amendment of section 2-B.—In section 2-B of the principal Act, for clause (a) of sub-section (3), the following clause shall be substituted, namely :—

"(a) Notwithstanding anything contained in sub-section (1), the functions of the Tribunal may be exercised by a Bench consisting of all members of the Tribunal or by a Bench consisting of two members constituted by the Chairman, or in the event of the office of a member other than the Chairman being vacant, by a Bench consisting of the Chairman and the other member :

Provided, that if any case which comes up before a Bench of which the Chairman is not a member involves a question of law the Bench may in its discretion reserve such case for decision by a Bench of which the Chairman shall be a member."

4. Amendment of section 14.—In section 14 of the principal Act, to sub-section (3) the following proviso shall be added, namely :—

"Provided that in the case of a co-operative bank, the Registrar shall not approve such resolution without the previous sanction in writing of the Reserve Bank."

5. Insertion of new sections 14A, 14B and 14C.—After section 14 of the principal Act, the following sections shall be inserted, namely :—

"14A. Power to direct amalgamation, division and re-organisation in public interest.—(1) Where the Registrar is satisfied that it is essential in the public interest or in the

interest of the co-operative movement, or for the purpose of securing the proper management of any co-operative society that any two or more co-operative societies should be amalgamated to form a single co-operative society or any co-operative society should be divided or any co-operative society should be reorganised then, notwithstanding anything contained in section 14 but subject to the provisions of this section, the Registrar may (after consulting such central financing agency as may be notified by the State Government), by order notified in the official Gazette, provide for the amalgamation or division or re-organisation of such co-operative societies with such constitution, properties, rights, interests and authorities and such liabilities, duties and obligations, as may be specified in the order :

Provided that in the case of a co-operative bank no order of amalgamation, division or re-organisation shall be made or given effect to without the previous sanction in writing of the Reserve Bank.

(2) No order shall be made under this section unless—

(a) a copy of the proposed order has been sent in draft to the co-operative society or each of the co-operative societies concerned ; and

(b) the Registrar has considered and made such modifications in the draft order as may seem to him desirable in the light of any suggestions and objections which may be received by him within such period (not being less than two months from the date on which the copy of the order as aforesaid was received by the co-operative society or co-operative societies) as the Registrar may fix in that behalf, either from the co-operative society or from any of the co-operative societies concerned or from any member or class of members thereof or from any creditor or class of creditors thereof.

(3) The order referred to in sub-section (1) may contain such incidental, consequential and supplemental provisions as may in the opinion of the Registrar be necessary to give effect to the amalgamation, division or re-organisation, as the case may be.

(4) Every member or creditor of each of the co-operative societies to be amalgamated, divided or re-organised who has objected to the scheme of amalgamation, division or re-organisation, within the period specified, shall be entitled to receive on the issue of the order of amalgamation, division or re-organisation, his share or interest; if he be a creditor.

(5) Notwithstanding anything contained in the Transfer of Property Act, 1882 (Central Act 4 of 1882) or the Registration Act, 1908 (Central Act 16 of 1908), in the event of amalgamation, the registration of the amalgamated co-operative society and in the event of division, the registration of new co-operative societies shall with effect from the date specified in the order of amalgamation or division in each case, be sufficient conveyance to vest the assets and liabilities of the amalgamating co-operative societies or the original co-operative society in the amalgamated co-operative society or the new co-operative societies, as the case may be.

(6) The amalgamation of co-operative societies or division or reorganisation of a co-operative society shall not affect any right or obligation of the co-operative societies so amalgamated or the co-operative society so divided or re-organised or render defective any legal proceedings which might have been continued or commenced by or against the co-operative societies which have been amalgamated or divided or re-organised and accordingly such legal proceedings may be continued or commenced by or against the amalgamated co-operative society, the re-organised co-operative society or the new co-operative societies as the case may be.

14B. Registrar to prepare scheme for amalgamation of co-operative banks in certain areas.—(1) Where an order of moratorium has been made by the Central Government under sub-section (2) of section 45 of the Banking Regulation Act, 1949 (Central Act 10 of 1949) in respect of a co-opera-

tive bank, the Registrar may, during the period of moratorium, prepare a scheme—

(i) for the re-organisation of the co-operative bank or

(ii) for the amalgamation of the co-operative bank with any other co-operative bank.

(2) No such scheme shall be given effect to unless it has been sanctioned by the Reserve Bank.

14C. Liability of co-operative bank to the Deposit Insurance Corporation.—Notwithstanding anything contained in section 14 or other provision of this Act, where a co-operative bank being an insured bank within the meaning of the Deposit Insurance Corporation Act, 1961 (Central Act 47 of 1961) is amalgamated or re-organised and the Deposit Insurance Corporation has become liable to pay to the depositors of the insured bank under sub-section (2) of section 16 of that Act, the bank, with which such insured bank is amalgamated or the new co-operative bank formed after such amalgamation or, as the case may be, the insured bank or transferee bank shall be under an obligation to repay the Deposit Insurance Corporation in the circumstances, to the extent and in the manner referred to in section 21 of the Deposit Insurance Corporation Act, 1961.”

6. Amendment of section 15.—In section 15 of the principal Act,—

(i) in sub-sections (1) and (2), after the word and figures “section 14”, the words, figures and letter “or section 14A”, shall be inserted;

(ii) in sub-section (3), for the words “divides itself”, the words “is divided” shall be substituted and after the word and figures “section 14”, the words, figures and letter “or section 14A” shall be inserted.

7. Amendment of section 18.—In section 18 of the principal Act, for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

“(1) Notwithstanding anything contained in section 16, a co-operative society may admit,—

(a) any individual as a nominal or associate member;

(b) any banking company as a nominal member.

Explanation.—In this sub-section “banking company” shall have the same meaning as is assigned to it in the Deposit Insurance Corporation Act, 1961 (Central Act 47 of 1961).

(2) A nominal member shall not be entitled to any share in any form whatsoever in the assets or profits of the society and a nominal member who is an individual shall not also be entitled to become an officer of the society.”

8. Insertion of new sections 29A, 29B, 29C and 29D.—After section 29 of the principal Act, the following sections shall be inserted, namely :—

“29A. Commencement of term of office.—The term of office of the elected members of a committee shall commence on the date immediately after the expiry of the term of office of the out going members of such committee or on the date the newly elected members assume office.

29B. Resignation of a member.—A member of a committee, other than a nominated member, may resign his membership in writing under his hand addressed to the co-operative society and his seat shall become vacant on the expiry of fifteen days from the date of such resignation unless within the said period of fifteen days he withdraws such resignation in writing under his hand addressed to such co-operative society.

29C. Disqualification for membership of the committee.—(1) No person shall be eligible for being elected or appointed or continued as a member of the committee, if—

(a) he is in default to any co-operative society in respect of any dues from him either as borrower or as surety :

Provided that a member of the committee who has ceased to hold office as such under this clause shall not be eligible for a period of one year from the date on which he ceased to hold office for re-election or appointment as a member of the committee of such co-operative society or

for election or appointment to the committee of any other co-operative society ;

(b) he is interested directly or indirectly in any contract made with such co-operative society or in the sale or purchase made by such co-operative society privately or in auction or in any contract or transaction of the co-operative society (other than investment and borrowing) involving financial interests in that contract, sale, purchase or transaction ;

(c) he carries on a business of the kind carried on by such co-operative society or by a co-operative society of which such co-operative society is a member ;

(d) he is employed as legal practitioner on behalf of such co-operative society or accepts employment as legal practitioner against such co-operative society ;

(e) he is a paid employee of such co-operative society or of its financing bank ;

(f) he is a near relation of a paid employee of such co-operative society.

Explanation.—For purposes of this clause ‘near relation’ means father, mother, husband, wife, son, daughter, brother or sister or such other relation as may be prescribed to be a near relation.

(2) No person including a person elected by a co-operative society as a member of a committee of another co-operative society of which such co-operative society is a member shall be a President or Vice-President or Managing Director or other officer of more than two co-operative societies.

(3) If any person at the commencement of the Karnataka Co-operative Societies (Amendment) Act, 1975, is serving as President or Vice-President or Managing Director or other officer of more than two co-operative societies simultaneously, then, unless he resigns his office in the co-operative society or co-operative societies in excess of the number prescribed under sub-section (2),

within a period of ninety days from the date of commencement of the said Act, he shall, at the expiration of the said period cease to be the President, Vice-President, Managing Director or other officer of all such co-operative societies.

(4) Nothing in this section shall apply to a member nominated to the committee by the State Government or the Registrar.

(5) In the case of co-operative marketing societies, consumers co-operative societies and such class or classes of co-operative societies as may be specified by the State Government, by notification in the official Gazette, no member shall be eligible for being appointed or elected as a member of the committee of such co-operative society if he does not fulfill the minimum qualifications relating to his transactions with the co-operative society upto such monetary limits as may be specified from time to time in such notification.

(6) There shall be no representative of individual members on the committees of a District Central Co-operative Bank or an Apex Co-operative Bank or such other classes of co-operative banks as may be prescribed.

(7) Any question as to whether a member of the committee was or has become subject to any of the disqualifications mentioned in this section shall be decided by the Registrar after giving the person concerned a reasonable opportunity of being heard.

29D. Disqualification for being a President, Vice-President, Managing Director, Treasurer or Secretary.—(1) No person shall be eligible for election or appointment or to continue as President, Vice-President, Managing Director, Treasurer or Secretary of a co-operative society for more than six consecutive years:

Provided that persons who have completed or who complete the said period of six years on the date of coming into force of the Karnataka Co-operative Societies (Amendment), Act, 1975, shall be entitled to continue in office until elections are held for the first time after the said date.

Explanation.—For purposes of this sub-section, a person who ceases to be a President, Vice-President, Managing Director, Treasurer or Secretary within twelve months prior to the expiry of the six consecutive years, shall be deemed to have completed the period of six years.

(2) A person who has continued as President, Vice-President, Managing Director, Treasurer or Secretary of a co-operative society for six consecutive years shall not be eligible for election or appointment to any of the said offices of such co-operative society till the expiry of six years after he has ceased to hold any of the said offices”.

9. Amendment of section 30.—In section 30 of the principal Act, after sub-section (1) the following sub-section shall be inserted, namely :—

“(1A) Notwithstanding anything contained in this Act, the Registrar shall, in the case of a co-operative bank, if so required in writing by the Reserve Bank in the public interest or for preventing the affairs of the co-operative bank being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of the co-operative bank, by order in writing, remove the committee of that co-operative bank and appoint an Administrator to manage the affairs of the co-operative bank for such period or periods not exceeding five years in the aggregate as may from time to time be specified by the Reserve Bank.”

10. Insertion of new section 30A.—After section 30 of the principal Act, the following section shall be inserted, namely :—

“30A. Registrar’s power to give direction in the public interest, etc.—(1) Subject to the rules made in that behalf, where the Registrar is satisfied that in the public interest or for the purpose of securing proper implementation of co-operative production and other development programmes approved or undertaken by the State Government or to secure the proper management of the business of the co-operative society generally or for preventing the affairs of the co-operative society being conducted in manner detri-

mental to the interests of the members or of the depositors or the creditors thereof, it is necessary to issue directions to any class of co-operative societies generally or to any co-operative society or co-operative societies in particular, he may issue directions to them from time to time and all such co-operative societies or the co-operative society concerned, as the case may be, shall be bound to comply with such directions.

(2) The Registrar may modify or cancel any directions issued under sub-section (1) and in modifying or cancelling such directions, may impose such conditions as he may deem fit."

11. Amendment of section 33.—In section 33 of the principal Act,—

(1) in sub-section (1), after the proviso to clause (iii), the following provisos shall be inserted, namely:—

"Provided further that it shall be lawful for a member to mortgage such lands or any part thereof in favour of the State Government or a Land Development Bank:

Provided also that if a part of the amount borrowed by a member is paid, the co-operative society with the approval of the financing bank to which it may be indebted may, on an application from the member, release from the charge created by the declaration made under clause (i) or varied under clause (ii), such part of the land or of the interest in the land specified in the declaration as it may deem proper, with due regard to the security for the balance of the amount of loan outstanding from the member.";

(2) in sub-section (2), for the words, figures and brackets "the Mysore Land Record of Rights Act, 1958 (Mysore Act 17 of 1958)", the words, figures and brackets "the Karnataka Land Revenue Act, 1964 (Karnataka Act 12 of 1964)", shall be substituted;

(3) in the Explanation, for the words and figures "the Mysore Land Record of Rights Act, 1958", the words, figures and brackets "the Karnataka Land Revenue Act, 1964 (Karnataka Act 12 of 1964)" shall be substituted.

12. Insertion of new section 53A.—After section 53 of the principal Act, the following section shall be inserted, namely :—

“53A. Nomination of members of committee by State Government in certain cases.—(1) Notwithstanding anything contained in section 29, where the State Government has subscribed to the share capital of a co-operative society to the extent of not less than—

- (i) fifty per cent of the total share capital, or
- (ii) five lakhs of rupees,

the State Government shall have the right to nominate as its representatives one-third of the total number of members of the committee of the co-operative society.

(2) A person nominated as a member of a committee of a co-operative society under sub-section (1) (hereinafter in this section referred to as ‘nominated member’) shall hold office as such member during the pleasure of the State Government.

(3) Subject to the provisions of sub-section (2), a nominated member shall hold office as such member for such period as the State Government may, by order, specify.

(4) Where an officer of the State Government is nominated as member of a committee under sub-section (1), such officer may be nominated by virtue of his office, and when any such nomination is made, such officer may, if unable to be present himself at any meeting of the committee, depute a subordinate officer to the meeting as his representative and such subordinate officer shall be deemed to be the person nominated as a representative of the State Government for purposes of such meeting.”

13. Amendment of section 56.—In section 56 of the principal Act, after the proviso, the following further proviso shall be added, namely :—

“Provided further that no member shall be paid travelling allowance, daily allowance or such other allowances or fees for attending meetings of the committees or for performing any other functions as member at a rate

higher than the maximum rate prescribed for the purpose, and different rates may be prescribed for different classes of co-operative societies or for different purposes."

14. Insertion of new section 70A.—After section 70 of the principal Act, the following section shall be and shall be deemed always to have been inserted, namely:—

"70A. Period of limitation.—(1) No dispute under section 70 shall be entertained unless it is referred to the Registrar within six years from the date of the cause of action:

Provided that a dispute relating to the election of a member, President, Vice-President, Managing Director, Honorary Secretary or other officer of the Committee shall be referred to the Registrar within thirty days from the date of declaration of the result of the election.

(2) Notwithstanding anything contained in sub-section (1), the Registrar may entertain a dispute referred after the period specified in sub-section (1) if he is satisfied that the person making the reference had sufficient cause for not making the reference within that period."

15. Insertion of new section 71A.—After section 71 of the principal Act, the following section shall be inserted, namely:—

"71A. Powers of financing bank to proceed against members of a co-operative society for the recovery of money due to it from such society.—(1) If a co-operative society is unable to pay its debts to a financing bank by reason of its members committing default in the payment of moneys due by them, the financing bank may direct the committee of such co-operative society to take proceedings against such members under section 70 or to initiate proceedings under section 101, as the case may be, and if the committee fails to do so within a period of ninety days from the date of receipt of such direction, the financing bank itself may proceed against such members under section 70 or section 101, as the case may be, in which case, the provisions of this Act, the rules or the bye-laws shall apply as if all

references to the co-operative society or its committee in the said provisions were references to the financing bank.

(2) Where a financing bank has obtained a decree or decision against a co-operative society in respect of money due to it from the co-operative society, the financing bank may proceed to recover such moneys, first, from the assets of the co-operative society and, secondly, from the members of such co-operative society to the extent of their debts to the society."

16. Amendment of section 72.—In section 72 of the principal Act, after sub-section (3), the following sub-section shall be inserted, namely:—

"(4) Notwithstanding anything contained in this section, no co-operative bank shall be wound up except with the previous sanction in writing of the Reserve Bank."

17. Insertion of new sections 72A and 72B.—After section 72 of the principal Act, the following sections shall be inserted, namely:—

"72A. Winding up of a co-operative bank if so, required by the Reserve Bank.—Notwithstanding anything to the contrary contained in this Act, the Registrar shall make an order for winding up of a co-operative bank, if so required by the Reserve Bank in the circumstances mentioned in section 13D of the Deposit Insurance Corporation Act, 1961 (Central Act 47 of 1961).

72B. Reimbursement to the Deposit Insurance Corporation by the Liquidators.—Where a co-operative bank being an insured bank within the meaning of the Deposit Insurance Corporation Act, 1961, is wound up or taken into liquidation and the Deposit Insurance Corporation has become liable to the depositors of the insured bank under sub-section (1) of section 16 of that Act, the Deposit Insurance Corporation shall be reimbursed by the liquidator or such other person in the circumstances, to the extent and in the manner provided in section 21 of the Deposit Insurance Corporation Act, 1961."

18. Amendment of section 83.—Section 83 of the principal Act shall be renumbered as sub-section (1) of that section, and—

(1) in sub-section (1) as so renumbered, for the words, figures and brackets “the Land Improvement Loans Act, 1883 (Central Act 19 of 1883), or the Agriculturists Loans Act, 1884 (Central Act 12 of 1884)”, the words figures and brackets “the Karnataka Land Improvement Loans Act, 1963 (Karnataka Act 16 of 1963) or the Karnataka Agriculturists Loans Act, 1963 (Karnataka Act 17 of 1963)” shall be substituted ;

(2) after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely :—

“(2) Notwithstanding anything contained in the Karnataka Land Reforms Act, 1961, where a mortgage in favour of a Land Development Bank is in respect of land in which a tenant purchaser or tenant has an interest, the mortgage may be against the security of such interest and the rights of the mortgagee shall not be affected by the failure of the tenant purchaser or tenant to comply with the requirements of the said Act and the sale of the land and his interest therein under the said Act shall be subject to the prior charge of the Land Development Bank”.

19. Amendment of section 101.—Section 101 of the principal Act shall be renumbered as sub-section (1) of that section and after the sub-section as so renumbered, the following sub-section shall be and shall be deemed always to have been inserted, namely :—

“(2) (a) Notwithstanding anything contained in this Act, every question relating to the execution, discharge or satisfaction of an order, decision or award referred to in sub-section (1) or relating to the confirmation or setting aside of a sale held in an execution of such order, decision or award in pursuance of clause (c) of sub-section (1), or relating to any claim or objection to an attachment of any property made under section 103 or in execution in pursuance of the said clause (c), shall be determined, by an order

of the Registrar or any other person subordinate to him empowered by the Registrar under the said clause (c) (hereinafter in this section referred to as 'authorised person') before whom such question arises.

(b) (i) Where any claim is preferred against or any objection is made to the attachment of any property made under section 103 or in execution in pursuance of clause (c) of sub-section (1) on the ground that the said property is not liable to such attachment, the Registrar or the authorised person shall proceed to investigate the claim or objection:

Provided that where the Registrar or the authorised person considers that the claim or objection was designedly or unnecessarily delayed he shall make an order refusing such investigation.

(ii) Where upon the said investigation, the Registrar or the authorised person is satisfied that for the reason stated in the claim or objection such property was not, at the date of the attachment, in the possession of the person or co-operative society against whom the order, decision or award has been obtained or passed (hereinafter in this section referred to as the 'judgment-debtor') or of some person in trust for the judgment-debtor or in the occupancy of a tenant or other person paying rent to the judgment-debtor or that, being in the possession of the judgment-debtor at the said date, it was so in his possession, not in his own account or as his own property, but on account of or in trust for some other person, or partly on his own account and partly on account of some other person, the Registrar or the authorised person shall make an order, releasing the property, wholly or to such extent as he thinks fit, from attachment.

(iii) Where the Registrar or the authorised person is satisfied that the property was on the said date, in the possession of the judgment-debtor as his own property and not on account of any other person or was in the occupancy of a tenant or other person paying rent to him, the Registrar or the authorised person shall disallow the claim.

(iv) Where a claim or an objection is preferred, the party against whom an order is made may within a period of one year from the date of such order, institute a suit in a civil court to establish the right which he claims to the property in dispute; but subject to the result of such suit, if any, the order of the Registrar or the authorised person shall be conclusive”.

20. Amendment of section 105A.—In section 105A of the principal Act,—

(i) in sub-section (2), the words “such appeal shall be accompanied by a fee of rupees five” shall be omitted;

(ii) at the end of sub-section (4), the following shall be inserted, namely:—

“The Registrar shall dispose of every appeal as expeditiously as possible.”

21. Amendment of section 106.—In sub-section (1) of section 106 of the principal Act, for the words “An appeal shall lie under this section”, the words, figures and letter “Subject to the provisions of section 108A, an appeal shall lie under this section” shall be substituted.

22. Amendment of section 107.—In section 107 of the principal Act, for the words “The Tribunal may”, the words, figures and letter “Subject to the provisions of section 108A, the Tribunal may” shall be substituted.

23. Amendment of section 108.—In section 108 of the principal Act, for the words “The Government”, the words, figures and letter “Subject to the provisions of section 108A, the State Government” shall be substituted.

24. Insertion of new section 108A.—After section 108 of the principal Act, the following section shall be inserted, namely:—

“**108A. No appeal or revision in certain cases.**—Notwithstanding anything contained in this Act, where with the previous sanction in writing or on the requisition of the Reserve Bank,—

(i) a co-operative bank has been ordered to be wound up; or

(ii) a scheme of amalgamation or reorganisation of a co-operative bank is given effect to; or

(iii) an order for the removal of the committee and the appointment of an Administrator in respect of a co-operative bank, has been made, there shall be no appeal or revision against such order or action and the sanction or requisition of the Reserve Bank shall not be liable to be called in question in any court of law”.

25. Insertion of new section 128A.—After section 128 of the principal Act, the following section shall be inserted, namely :—

“128A.—Constitution of authority for recruitment training, etc. of employees of co-operative societies.—

(1) The State Government may constitute an authority or authorities, in such manner as may be prescribed, for the recruitment, training and disciplinary control of the prescribed classes of employees of the prescribed co-operative societies to which the State Government has given financial aid by way of subscription to its share capital or otherwise and may require such authority or authorities to frame regulations regarding recruitment, emoluments, terms and conditions of service, including disciplinary control of such employees.

(2) The regulations framed under sub-section (1) shall be subject to the previous approval of the State Government and shall after such approval be published by notification in the official gazette and shall save as otherwise provided therein take effect from the date of such publication”.

26. Amendment of section 129.—In sub-section (2) of section 129 of the principal Act, in clause (n), the words “and disqualifications” shall be omitted.

26. Validation.—(1) Notwithstanding anything contained in any law, judgment, decree or order of any court, tribunal or other authority, no order made or purporting to have been made under rule 41 or any other rule of the Karnataka Co-operative Societies Rules, 1960,

either. rejecting the claim or refusing to investigate the claim or allowing the claim to any property attached, at any time before the commencement of this Act shall be deemed to be invalid or to have become invalid merely on the ground that the officer concerned had no jurisdiction to entertain or adjudicate upon the claim made by persons who could not be made parties to a dispute under section 70 of the principal Act, and the order so made shall be deemed to have been validly made in accordance with the principal Act as amended by section 19 of this Act.

(2) Notwithstanding anything contained in any law or in any judgment, decree or order of any court, all proceedings for investigating a claim to attached property under rule 41 or any other rule of the Karnataka Co-operative Societies Rules, 1960, pending before any officer or any other authority shall be deemed to be proceedings commenced under the provisions of the principal Act as amended by section 19 of this Act and shall be continued and disposed of accordingly.

27. Repeal of President's Act 1 of 1972.—The Karnataka Co-operative Societies (Amendment) Act, 1972 (President's Act 1 of 1972) and the amendments made in the principal Act by the said President's Act are hereby repealed.

By Order and in the name of the Governor of Karnataka,

M. L. RAMASWAMI,

Draftsman and Ex-Officio
Joint Secretary to Government,
Department of Law and Parliamentary Affairs.